



ADJUSTMENT BUDGET FOR THE FINANCIAL YEAR 2013/2014

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
EXCO	Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

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Part 1 – Annual Budget

1.1 Mayor's Report

The Mayor's report on the adjustment budget will be tabled separately by the Mayor during the Municipal Council meeting.

1.2 Council Resolutions

Council of Bela-Bela Local Municipality met on 19 February 2014 at the Municipal Council Chambers where the Mayor tabled the 2013/14 adjustment budget for adoption by Council in terms of sections 160(2)(b) of the Constitution ((Act 108 of 1996, as amended) and 28(4) of the Municipal Finance Management Act (56 of 2003), read with paragraph 23 of the Municipal Budget and Reporting Regulations (issued in terms of notice 393 of 2009). At the meeting the Council took the following resolutions:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003):-
 - 1.1. Approves and adopts the adjustment budget of the municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 4 on page 10;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 5 on page 12;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 6 on page 14; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 7 on page 16.
2. Directs that the Accounting Officer adheres to section 22 of the Municipal Finance Management Act, read with paragraph 24(1) of the Municipal Budget and Reporting Regulations. The regulations require the municipal manager to submit the adjustment budget and supporting documentation to National Treasury and the Provincial Treasury within ten (10) working days after tabling to Council, in both printed and electronic copies.
3. Notes that municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan. As such no increases in taxes and tariffs have been factored in this adjustment budget.

1.3 Executive Summary

This adjustment budget has been compiled in line with section 28 of the MFMA, read with Part 4 of the Municipal Budget and Reporting Regulations which deal with adjustment budgets of municipalities. Section 28(2) of the MFMA states that:-

(2) An adjustments budget-

- a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for (**in other words, there should not be new projects or programmes in the adjustments budget**);
- c) may, within a prescribed framework, authorise unforeseen and unavoidable expenditure [**recommended**] by the mayor of the municipality;
- d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by council;
- f) may correct any errors in the annual budget; and
- g) may provide for any other expenditure within a prescribed framework.

The following key factors were taken into consideration when preparing and compiling the 2013/14 adjustments budget, namely:

- a) The Medium Term Budget Policy Statement (MTBPS) and national adjusted estimates issued by the Minister of Finance in October 2013. These publications allocated additional funding to the municipality which were withheld in terms of section 216(2) of the Constitution. The funding that were made available consisted of R11.3m of equitable share and R2.471m of the Municipal Infrastructure Grant (MIG);
- b) The mid-year budget and performance assessment report compiled in terms of section 72 of the MFMA;
- c) The monthly budget statements published in terms of section 71 of the MFMA;
- d) The comments received from the Limpopo Provincial Treasury on the 2013/14 approved budget. That is, although the comments were received after the 2013/14 budget was approved by Council, they were taken into consideration when compiling this adjustments budget;
- e) The errors in the approved budget;
- f) Unforeseen and unavoidable expenditure incurred; and
- g) The restructuring of votes. That is, votes were restructured after it was found out that expenditure was incurred in votes that did not have budget and some votes had budgets although no expenditure was incurred during the first half of the current year.

Other key issues which were taken into consideration to ensure a Credible Budget were:

- a) Funds were allocated to activities which are consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the Municipality;
- b) Objectives are achievable in terms of the agreed service delivery and performance targets;
- c) Financial estimates comprise of revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- d) The increased expenditure does not jeopardize the financial viability of the municipality i.e. ensures that the financial position is maintained within generally accepted prudent limits and that obligations can be met in the short, medium and long term;
- e) Although the collection rate for services charges increased substantially from around 62.0 per cent from early March 2013 to 82.0 per cent in September 2013, it increased at a decreasing rate from October to December 2013. This moderation forced the municipality to adopt a conservative approach when preparing this adjustment budget.

The main challenges experienced during the compilation of the 2013/14 adjustments budget can be summarised as follows:

- The ongoing difficulties in the national and local economy, particularly the rising cost of living as measured by CPIX;
- Aging and insufficiently funded water, roads and electricity infrastructure; and
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities of the municipality.

The rates and tariffs for various municipal services are not increased in this adjustments budget in line with section 28(6) of the MFMA.

The 2013/14 adjustments budget has been issued for community consultation and published on the municipality's website, and hard copies were made available at municipal offices and municipal library.

The table below shows the additional operating revenues that are realistically anticipated and/or confirmed.

Table 1: Confirmed or realistically anticipated revenue (adjustment budget 2013/14)

Revenue type	Approved budget (R'000)	Adjusted budget (R'000)	Increase (R'000)
Equitable share	48 639	59 649	11 310
Property rates	18 622	61 172 ¹	18 622
Electricity sales	111 018	120 090	8 072
Other own revenue	27 319	32 946	5 627
Total increase			43 631

¹This is not a real increase in terms of cash. Rather, it is property rates gross income before deducting rebates and exemptions. This amount is offset by the same amount in expenditure.

Table 1 above shows that the operating revenue in the adjusted budget increased by R43.6 million. Table 2 below shows the application of the increase in revenue.

Table 2: Application of increased expenditure (adjusted budget 2013/14)

Expenditure type	Approved budget (R'000)	Adjusted budget (R'000)	Increase/(decrease) (R'000)
Employee costs	72 818	77 568	4 750
Councillor remuneration	5 027	6 031	1 003
Depreciation & asset impairment	7 500	47 720	40 220
Finance charges	3 100	3 105	5
Material & bulk purchases	75 499	75 308	(191)
Other expenditure	73 962	86 357 ²	12 396
Total increase			58 182

The comparison between Tables 1 and 2 shows that the operating income increases by R43.6 million whereas the operating expenditure increases by R58.2 million, leaving a shortfall of R14.6. It should be noted that the significant increase of R40.2 million in expenditure is attributable to the provision for depreciation and asset impairment. This amount is not cash and as such does not affect the funding of the budget. If this provision is excluded, the operating expenditure increases by approximately R18.0 million, which is less than the increase in revenue.

With regard to capital funding, the municipality was allocated the MIG amounting to R2.471 million. The funding will be applied to capital projects that were approved but subsequently stalled due to lack of funding.

1.4 Adjustment Budget Tables - Parent Municipality

The following pages present the ten (10) main adjustments budget tables as required in terms of section Schedule B of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2013/14 adjustments budget as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

² Included are the rebates on property rates, which are offset against the billed income from property rates.

Table 3 MBRR Table B1 - Budget Summary

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	42 550	-	-	-	-	-	18 622	18 622	61 172	48 361	54 713
Service charges	112 018	-	-	-	-	-	8 072	8 072	120 090	123 000	135 300
Investment revenue	356	-	-	-	-	-	-	-	356	392	431
Transfers recognised - operational	53 097	-	-	-	-	-	11 310	11 310	64 407	56 760	65 522
Other own revenue	27 319	-	-	-	-	-	5 627	5 627	32 946	28 603	31 464
Total Revenue (excluding capital transfers and contributions)	235 340	-	-	-	-	-	43 631	43 631	278 971	257 115	287 429
Employee costs	72 818	-	-	-	-	-	4 750	4 750	77 568	79 712	86 487
Remuneration of councillors	5 027	-	-	-	-	-	1 003	1 003	6 031	5 530	5 667
Depreciation & asset impairment	7 500	-	-	-	-	-	40 220	40 220	47 720	36 825	53 219
Finance charges	3 100	-	-	-	-	-	5	5	3 105	3 369	3 655
Materials and bulk purchases	75 499	-	-	-	-	-	(191)	(191)	75 308	80 073	84 795
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	73 962	-	-	-	-	-	12 396	12 396	86 357	56 866	59 477
Total Expenditure	237 906	-	-	-	-	-	58 182	58 182	296 088	262 375	293 300
Surplus/(Deficit)	(2 566)	-	-	-	-	-	(14 552)	(14 552)	(17 118)	(5 259)	(5 871)
Transfers recognised - capital	19 347	-	-	-	-	-	2 471	2 471	21 818	23 317	24 797
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926
Capital expenditure & funds sources											
Capital expenditure	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Transfers recognised - capital	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Financial position											
Total current assets	24 082	-	-	-	-	-	-	-	24 082	-	-
Total non current assets	815 453	-	-	-	-	-	-	-	815 453	-	-
Total current liabilities	9 248	-	-	-	-	-	-	-	9 248	-	-
Total non current liabilities	49 521	-	-	-	-	-	-	-	49 521	-	-
Community wealth/Equity	780 766	-	-	-	-	-	-	-	780 766	-	-
Cash flows											
Net cash from (used) operating	36 292	-	-	-	-	-	(30 085)	(30 085)	6 207	56 533	72 310
Net cash from (used) investing	(14 847)	-	-	-	-	-	-	-	(14 847)	-	-
Net cash from (used) financing	231	-	-	-	-	-	-	-	231	-	-
Cash/cash equivalents at the year end	22 954	-	-	-	-	-	(32 634)	(32 634)	(9 679)	56 533	72 310
Cash backing/surplus reconciliation											
Cash and investments available	23 874	-	-	-	-	-	-	-	23 874	-	-
Application of cash and investments	(1 299)	-	-	-	-	-	23 616	23 616	22 317	-	-
Balance - surplus (shortfall)	25 173	-	-	-	-	-	(23 616)	(23 616)	1 557	-	-
Asset Management											
Asset register summary (WDV)	814 167	-	-	-	-	-	-	-	814 167	-	-
Depreciation & asset impairment	7 500	-	-	-	-	-	40 220	40 220	47 720	36 825	53 219
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	7 984	-	-	-	-	-	-	-	7 984	-	-
Free services											
Cost of Free Basic Services provided	4 250	-	-	-	-	-	-	-	3 400	-	-
Revenue cost of free services provided	11 400	-	-	-	-	-	-	-	11 400	-	-
Households below minimum service level											
Water:	13	-	-	-	-	-	-	-	13	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is the adjustments budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

Table 4 MBRRTable B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Description	Ref	Budget Year 2013/14									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	+1 2014/15	+2 2015/16
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
R thousands	1, 4	A	5	6	7	8	9	10	11	12	Budget	Budget
		A1	B	C	D	E	F	G	H			
Revenue - Standard												
<i>Governance and administration</i>		108 062	-	-	-	-	-	31 746	31 746	139 808	119 347	135 884
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		107 658	-	-	-	-	-	30 615	30 615	138 273	118 903	135 395
Corporate services		404	-	-	-	-	-	1 131	1 131	1 535	445	489
<i>Community and public safety</i>		13 241	-	-	-	-	-	(46)	(46)	13 195	14 547	16 002
Community and social services		166	-	-	-	-	-	50	50	216	182	201
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		13 075	-	-	-	-	-	(96)	(96)	12 979	14 365	15 802
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		21 521	-	-	-	-	-	2 475	2 475	23 997	23 489	24 986
Planning and development		142	-	-	-	-	-	18	18	161	156	172
Road transport		21 379	-	-	-	-	-	2 457	2 457	23 836	23 333	24 814
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		111 863	-	-	-	-	-	11 926	11 926	123 789	123 049	135 354
Electricity		77 351	-	-	-	-	-	11 894	11 894	89 245	85 086	93 595
Water		27 567	-	-	-	-	-	32	32	27 599	30 324	33 357
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		6 944	-	-	-	-	-	-	-	6 944	7 639	8 403
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	254 687	-	-	-	-	-	46 102	46 102	300 789	280 433	312 226
Expenditure - Standard												
<i>Governance and administration</i>		101 444	-	-	-	-	-	57 488	57 488	158 932	118 101	139 458
Executive and council		12 230	-	-	-	-	-	5 377	5 377	17 607	12 942	13 709
Budget and treasury office		59 762	-	-	-	-	-	47 447	47 447	107 209	73 719	92 164
Corporate services		29 453	-	-	-	-	-	4 664	4 664	34 117	31 440	33 585
<i>Community and public safety</i>		22 587	-	-	-	-	-	25	25	22 612	22 920	24 375
Community and social services		8 893	-	-	-	-	-	571	571	9 465	8 564	9 292
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		13 694	-	-	-	-	-	(547)	(547)	13 147	14 356	15 082
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 305	-	-	-	-	-	117	117	14 423	15 357	16 639
Planning and development		6 341	-	-	-	-	-	(75)	(75)	6 265	6 880	7 465
Road transport		7 965	-	-	-	-	-	193	193	8 158	8 477	9 174
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		99 569	-	-	-	-	-	552	552	100 121	105 996	112 829
Electricity		70 614	-	-	-	-	-	(10)	(10)	70 604	75 112	79 902
Water		21 008	-	-	-	-	-	(230)	(230)	20 778	22 352	23 763
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		7 947	-	-	-	-	-	792	792	8 740	8 532	9 164
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	237 906	-	-	-	-	-	58 182	58 182	296 088	262 375	293 300
Surplus/ (Deficit) for the year		16 781	-	-	-	-	-	(12 081)	(12 081)	4 701	18 058	18 926

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Table 5MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Chief Financial Officer		107 658	-	-	-	-	-	30 615	30 615	138 273	118 903	135 395
Vote 2 - Corporate Services		404	-	-	-	-	-	1 131	1 131	1 535	445	489
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		142	-	-	-	-	-	18	18	161	156	172
Vote 6 - Social and Community Services		20 185	-	-	-	-	-	(46)	(46)	20 139	22 186	24 405
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		126 297	-	-	-	-	-	14 383	14 383	140 680	138 743	151 765
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	254 687	-	-	-	-	-	46 102	46 102	300 789	280 433	312 226
Expenditure by Vote	1											
Vote 1 - Chief Financial Officer		59 762	-	-	-	-	-	47 447	47 447	107 209	73 719	92 164
Vote 2 - Corporate Services		29 453	-	-	-	-	-	4 664	4 664	34 117	31 440	33 585
Vote 3 - Mayor		1 786	-	-	-	-	-	(122)	(122)	1 664	1 938	2 102
Vote 4 - Municipal Manager		4 036	-	-	-	-	-	982	982	5 018	4 380	4 752
Vote 5 - Planning and Economic Development		6 341	-	-	-	-	-	(75)	(75)	6 265	6 880	7 465
Vote 6 - Social and Community Services		30 534	-	-	-	-	-	817	817	31 352	31 452	33 538
Vote 7 - Speaker		6 407	-	-	-	-	-	4 518	4 518	10 925	6 625	6 855
Vote 8 - Technical Services		99 586	-	-	-	-	-	(47)	(47)	99 539	105 942	112 839
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	237 906	-	-	-	-	-	58 182	58 182	296 088	262 375	293 300
Surplus/ (Deficit) for the year	2	16 781	-	-	-	-	-	(12 081)	(12 081)	4 701	18 058	18 926

Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote; and
2. The table shows that the BTO is the largest generator of revenue, particularly from Rates and service charges whereas technical Services department is the largest department incurring operating expenditure, The larger is due to the size of the department as well as its responsibility over service delivery projects such as water, electricity and sanitation.

Table 6 MBRRTable B4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands	1											
Revenue By Source												
Property rates	2	42 550	-	-	-	-	-	18 622	18 622	61 172	48 361	54 713
Property rates - penalties & collection charges								-	-	-	-	-
Service charges - electricity revenue	2	77 329	-	-	-	-	-	8 302	8 302	85 631	84 842	93 326
Service charges - water revenue	2	20 296	-	-	-	-	-	-	-	20 296	22 325	24 558
Service charges - sanitation revenue	2	7 260	-	-	-	-	-	-	-	7 260	7 986	8 785
Service charges - refuse revenue	2	6 903	-	-	-	-	-	-	-	6 903	7 594	8 353
Service charges - other		230						(230)	(230)	-	253	278
Rental of facilities and equipment		214						1 131	1 131	1 345	236	259
Interest earned - external investments		356						-	-	356	392	431
Interest earned - outstanding debtors		9 785						-	-	9 785	10 764	11 840
Dividends received		-						-	-	-	-	-
Fines		-						-	-	-	-	-
Licences and permits		8 750						-	-	8 750	9 625	10 588
Agency services		-						-	-	-	-	-
Transfers recognised - operating		53 097						11 310	11 310	64 407	56 760	65 522
Other revenue	2	8 570	-	-	-	-	-	4 496	4 496	13 066	7 979	8 777
Gains on disposal of PPE		-						-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		235 340	-	-	-	-	-	43 631	43 631	278 971	257 115	287 429
Expenditure By Type												
Employee related costs		72 818	-	-	-	-	-	4 750	4 750	77 568	79 712	86 487
Remuneration of councillors		5 027						1 003	1 003	6 031	5 530	5 667
Debt impairment		-						-	-	-	-	-
Depreciation & asset impairment		7 500	-	-	-	-	-	40 220	40 220	47 720	36 825	53 219
Finance charges		3 100						5	5	3 105	3 369	3 655
Bulk purchases		67 515	-	-	-	-	-	(191)	(191)	67 324	80 073	84 795
Other materials		7 984						-	-	7 984	-	-
Contracted services		21 701	-	-	-	-	-	3 520	3 520	25 221	22 033	22 474
Transfers and grants		-						-	-	-	-	-
Other expenditure		52 261	-	-	-	-	-	8 876	8 876	61 136	34 833	37 003
Loss on disposal of PPE		-						-	-	-	-	-
Total Expenditure		237 906	-	-	-	-	-	58 182	58 182	296 088	262 375	293 300
Surplus/(Deficit)		(2 566)	-	-	-	-	-	(14 552)	(14 552)	(17 118)	(5 259)	(5 871)
Transfers recognised - capital		19 347						2 471	2 471	21 818	23 317	24 797
Contributions		-						-	-	-	-	-
Contributed assets		-						-	-	-	-	-
Surplus/(Deficit) before taxation		16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926
Taxation		-						-	-	-	-	-
Surplus/(Deficit) after taxation		16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926
Attributable to minorities		-						-	-	-	-	-
Surplus/(Deficit) attributable to municipality		16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926
Share of surplus/ (deficit) of associate		-						-	-	-	-	-
Surplus/ (Deficit) for the year		16 781	-	-	-	-	-	(12 081)	(12 081)	4 700	18 058	18 926

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R235.3 million in 2013/14 approved budget and is adjusted upwards to R278.9 million in the adjusted budget.

Table 7 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Social and Community Services		7 918	-	-	-	-	-	-	-	7 918	-	-
Vote 7 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Technical Services		11 428	-	-	-	-	-	2 471	2 471	13 899	-	-
Vote 9 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Total Capital Expenditure - Vote		19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Capital Expenditure - Standard												
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		7 919	-	-	-	-	-	-	-	7 919	-	-
Community and social services		6 719	-	-	-	-	-	-	-	6 719	-	-
Sport and recreation		1 200	-	-	-	-	-	-	-	1 200	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		11 428	-	-	-	-	-	2 471	2 471	13 899	-	-
Total Capital Expenditure - Standard	3	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Funded by:												
National Government		19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		19 347	-	-	-	-	-	2 471	2 471	21 818	-	-

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure increase from R19.3 million to R21.8 million in the adjustment budget.
3. No additional funding has been budgeted from municipality's own sources due to cash flow challenges and the intention to build reserves in the near future. All capital programme for the 2013/2014 financial year is funded from capital transfers from National Government.
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 8 MBRR Table B6 -Budgeted Financial Position

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash								-	-	-	-	-
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	21 786	-	-	-	-	-	-	-	21 786	-	-
Other debtors		2 194						-	-	2 194	-	-
Current portion of long-term receivables		-						-	-	-	-	-
Inventory		102						-	-	102	-	-
Total current assets		24 082	-	-	-	-	-	-	-	24 082	-	-
Non current assets												
Long-term receivables		-						-	-	-	-	-
Investments		920						-	-	920	-	-
Investment property		-						-	-	-	-	-
Investment in Associate		-						-	-	-	-	-
Property, plant and equipment	1	813 015	-	-	-	-	-	-	-	813 015	-	-
Agricultural		-						-	-	-	-	-
Biological		-						-	-	-	-	-
Intangible		1 518						-	-	1 518	-	-
Other non-current assets		-						-	-	-	-	-
Total non current assets		815 453	-	-	-	-	-	-	-	815 453	-	-
TOTAL ASSETS		839 535	-	-	-	-	-	-	-	839 535	-	-
LIABILITIES												
Current liabilities												
Bank overdraft		(22 954)						-	-	(22 954)	-	-
Borrowing		319	-	-	-	-	-	-	-	319	-	-
Consumer deposits		4 428						-	-	4 428	-	-
Trade and other payables		22 317	-	-	-	-	-	-	-	22 317	-	-
Provisions		5 138						-	-	5 138	-	-
Total current liabilities		9 248	-	-	-	-	-	-	-	9 248	-	-
Non current liabilities												
Borrowing	1	10 828	-	-	-	-	-	-	-	10 828	-	-
Provisions	1	38 693	-	-	-	-	-	-	-	38 693	-	-
Total non current liabilities		49 521	-	-	-	-	-	-	-	49 521	-	-
TOTAL LIABILITIES		58 769	-	-	-	-	-	-	-	58 769	-	-
NET ASSETS	2	780 766	-	-	-	-	-	-	-	780 766	-	-
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		780 766	-	-	-	-	-	-	-	780 766	-	-
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		780 766	-	-	-	-	-	-	-	780 766	-	-

Explanatory notes to Table B6 - Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current liabilities;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 9MBRRTable B7 - Budgeted Cash Flow Statement

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		169 493						204 223	204 223	373 716	189 200	209 637
Gov ernment - operating	1	53 097						11 310	11 310	64 407	56 760	65 522
Gov ernment - capital	1	19 347						-	-	19 347	23 317	24 797
Interest		10 141						-	-	10 141	11 155	12 271
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(212 686)						(245 613)	(245 613)	(458 299)	(220 531)	(236 261)
Finance charges		(3 100)						(5)	(5)	(3 105)	(3 369)	(3 655)
Transfers and Grants	1	-						-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		36 292	-	-	-	-	-	(30 085)	(30 085)	6 207	56 533	72 310
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		4 500						-	-	4 500	-	-
Decrease (Increase) in non-current debtors		-						-	-	-	-	-
Decrease (Increase) other non-current receivables		-						-	-	-	-	-
Decrease (Increase) in non-current investments		-						-	-	-	-	-
Payments												
Capital assets		(19 347)						-	-	(19 347)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14 847)	-	-	-	-	-	-	-	(14 847)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-						-	-	-	-	-
Borrowing long term/refinancing		-						-	-	-	-	-
Increase (decrease) in consumer deposits		231						-	-	231	-	-
Payments												
Repayment of borrowing		-						-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		231	-	-	-	-	-	-	-	231	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		21 676	-	-	-	-	-	(30 085)	(30 085)	(8 409)	56 533	72 310
Cash/cash equivalents at the year begin:	2	1 278						(2 548)	(2 548)	(1 270)	-	-
Cash/cash equivalents at the year end:	2	22 954	-	-	-	-	-	(32 634)		(9 679)	56 533	72 310

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 10 MBRRTable B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	22 954	-	-	-	-	-	(32 634)	(32 634)	(9 679)	56 533	72 310
Other current investments > 90 days		(0)	-	-	-	-	-	32 634	32 634	32 633	(56 533)	(72 310)
Non current assets - Investments	1	920	-	-	-	-	-	-	-	920	-	-
Cash and investments available:		23 874	-	-	-	-	-	-	-	23 874	-	-
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	(1 299)	-					23 616	23 616	22 317	-	-
Other provisions												
Long term investments committed		-	-					-	-	-	-	-
Reserves to be backed by cash/investments		-	-					-	-	-	-	-
Total Application of cash and investments:		(1 299)	-	-	-	-	-	23 616	23 616	22 317	-	-
Surplus(shortfall)		25 173	-	-	-	-	-	(23 616)	(23 616)	1 557	-	-

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 11 MBRRTable B9 - Asset Management

Description	Ref	Budget Year 2013/14									Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget	
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H			
CAPITAL EXPENDITURE													
<u>Total New Assets to be adjusted</u>	1	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-	
Infrastructure - Road transport		11 428	-	-	-	-	-	2 471	2 471	13 899	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		2 799	-	-	-	-	-	-	-	2 799	-	-	
Infrastructure		14 228	-	-	-	-	-	2 471	2 471	16 699	-	-	
Community		1 200	-	-	-	-	-	-	-	1 200	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	3 919	-	-	-	-	-	-	-	3 919	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
<u>Total Renewal of Existing Assets to be adjusted</u>	2	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	-	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
<u>Total Capital Expenditure to be adjusted</u>	4	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		11 428	-	-	-	-	-	2 471	2 471	13 899	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		2 799	-	-	-	-	-	-	-	2 799	-	-	
Infrastructure		14 228	-	-	-	-	-	2 471	2 471	16 699	-	-	
Community		1 200	-	-	-	-	-	-	-	1 200	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	3 919	-	-	-	-	-	-	-	3 919	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	-	
<u>TOTAL CAPITAL EXPENDITURE to be adjusted</u>	2	19 347	-	-	-	-	-	2 471	2 471	21 818	-	-	
ASSET REGISTER SUMMARY - PPE (WDV)													
Infrastructure - Road transport	5	119 110	-	-	-	-	-	-	-	119 110	-	-	
Infrastructure - Electricity		274 441	-	-	-	-	-	-	-	274 441	-	-	
Infrastructure - Water		343 051	-	-	-	-	-	-	-	343 051	-	-	
Infrastructure - Sanitation		68 610	-	-	-	-	-	-	-	68 610	-	-	
Infrastructure - Other		2 317	-	-	-	-	-	-	-	2 317	-	-	
Infrastructure		807 530	-	-	-	-	-	-	-	807 530	-	-	
Community		1 200	-	-	-	-	-	-	-	1 200	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	3 919	-	-	-	-	-	-	-	3 919	-	-	
Intangibles		1 518	-	-	-	-	-	-	-	1 518	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
<u>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</u>	5	814 167	-	-	-	-	-	-	-	814 167	-	-	
EXPENDITURE OTHER ITEMS													
<u>Depreciation & asset impairment</u>	3	7 500	-	-	-	-	-	40 220	40 220	47 720	36 825	53 219	
<u>Repairs and Maintenance by asset class</u>		7 984	-	-	-	-	-	-	-	7 984	-	-	
Infrastructure - Road transport		2 586	-	-	-	-	-	-	-	2 586	-	-	
Infrastructure - Electricity		1 625	-	-	-	-	-	-	-	1 625	-	-	
Infrastructure - Water		1 226	-	-	-	-	-	-	-	1 226	-	-	
Infrastructure - Sanitation		456	-	-	-	-	-	-	-	456	-	-	
Infrastructure - Other		86	-	-	-	-	-	-	-	86	-	-	
Infrastructure		5 979	-	-	-	-	-	-	-	5 979	-	-	
Community		805	-	-	-	-	-	-	-	805	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Other assets	6	1 200	-	-	-	-	-	-	-	1 200	-	-	
<u>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</u>		15 484	-	-	-	-	-	40 220	40 220	55 704	36 825	53 219	
% of capital exp on renewal of assets		0.0%	0.0%							0.0%	0.0%	0.0%	
Renewal of existing assets as % of deprecn		0.0%	0.0%							0.0%	0.0%	0.0%	
R&M as a % of PPE		1.0%	0.0%							1.0%	0.0%	0.0%	
Renewal and R&M as a % of PPE		1.0%	0.0%							1.0%	0.0%	0.0%	

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all of the capital allocations are for new assets.
3. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 12 MBRR Table B10 - Basic Service Delivery Measurement

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted 7	Accum. Funds 8	Multi-year capital 9	Unfore. Unavoid. 10	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
Household service targets (000)	1											
<u>Water:</u>												
Piped water inside dwelling		1 150							-	1 150		
Piped water inside yard (but not in dwelling)		1 150							-	1 150		
Using public tap (at least min.service level)	2	1 150							-	1 150		
Other water supply (at least min.service level)		1 150							-	1 150		
<i>Minimum Service Level and Above sub-total</i>		4 600	-	-	-	-	-	-	-	4 600	-	-
Using public tap (< min.service level)	3	-							-	-		
Other water supply (< min.service level)	3,4	13							-	13		
No water supply									-	-		
<i>Below Minimum Service Level sub-total</i>		13	-	-	-	-	-	-	-	13	-	-
Total number of households	5	4 613	-	-	-	-	-	-	-	4 613	-	-
<u>Sanitation/sewerage:</u>												
Flush toilet (connected to sewerage)		18 068							-	18 068		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)									-	-		
<i>Minimum Service Level and Above sub-total</i>		18 068	-	-	-	-	-	-	-	18 068	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	18 068	-	-	-	-	-	-	-	18 068	-	-
<u>Energy:</u>												
Electricity (at least min. service level)		8 500							-	8 500		
Electricity - prepaid (> min.service level)		9 568							-	9 568		
<i>Minimum Service Level and Above sub-total</i>		18 068	-	-	-	-	-	-	-	18 068	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	18 068	-	-	-	-	-	-	-	18 068	-	-
<u>Refuse:</u>												
Removed at least once a week (min.service)		18 068							-	18 068		
<i>Minimum Service Level and Above sub-total</i>		18 068	-	-	-	-	-	-	-	18 068	-	-
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	18 068	-	-	-	-	-	-	-	18 068	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		4 120							-	4 120		
Sanitation (free minimum level service)		4 120							-	4 120		
Electricity/other energy (50kw/h per household per month)		4 120							-	4 120		
Refuse (removed at least once a week)		4 120							-	4 120		
Cost of Free Basic Services provided (R'000)	16	850 000										
Water (6 kilolitres per household per month)		850							-	850		
Sanitation (free sanitation service)		850							-	850		
Electricity/other energy (50kw/h per household per month)		850							-	850		
Refuse (removed once a week)		850							-	850		
Total cost of FBS provided (minimum social package)		4 250	-	-	-	-	-	-	-	3 400	-	-
Highest level of free service provided												
Property rates (R'000 value threshold)		1 000							-	1 000		
Water (kilolitres per household per month)		1 000							-	1 000		
Sanitation (kilolitres per household per month)		1 000							-	1 000		
Sanitation (Rand per household per month)		1 000							-	1 000		
Electricity (kw per household per month)		3 000							-	3 000		
Refuse (average litres per week)		1 000							-	1 000		
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)		600							-	600		
Property rates (other exemptions, reductions and rebates)		2 000							-	2 000		
Water		2 200							-	2 200		
Sanitation		1 500							-	1 500		
Electricity/other energy		3 500							-	3 500		
Refuse		1 500							-	1 500		
Municipal Housing - rental rebates		100							-	100		
Housing - top structure subsidies	6								-	-		
Other									-	-		
Total revenue cost of free services provided (total services)		11 400	-	-	-	-	-	-	-	11 400	-	-

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by 500 households in 2013/14. These households are largely found in ‘reception areas’ such as Rapotokwane and Masakhane and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog will be reduced by 1 050 households over the MTREF.
 - c. Electricity services – as with sanitation, backlog will be reduced by 1 050 households. The emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised to cater for new developments.

Part 2 – Supporting Documentation

2.1 Adjustments to budget assumptions

Except for the factors outlined below, the assumptions that underlined the approved 2013/14 MTREF still hold. The following factors were taken into consideration when compiling this adjustments budget.

2.1.1 Collection rate for revenue services

The rate of revenue collection for services is currently expressed as a percentage (around 82.0 per cent) of annual billings. In the 2012/13 financial year the collection rate was around 62.0 per cent. When the new CFO came into office in February 2013, credit control was effectively implemented and this pushed the collection rate to over 95.0 per cent. For the past six months the collection rate has moderated around 80.0 per cent. Measures will be put in place to increase this rate to over 96.0 per cent, excluding arrear accounts.

2.1.2 Revocation of Section 216(2) of the Constitution

The revocation of Section 216(2) of the Constitution by the Minister of Finance resulted in the municipality receiving funds that were previously withheld. The funds comprised of R11.3 million of equitable share and R2.471 of MIG. Part of the equitable share allocations will be used to fund increases in allowances for Councillor which will come into effect in February 2014 but backdated to 1 July 2013.

2.2 Adjustments to budget funding

Table 13 below depicts the adjustments that were made to the operating revenue.

Table 13: Adjustments to operating revenue

Revenue type	Approved budget (R'000)	Adjusted budget (R'000)	Increase (R'000)
Equitable share	48 639	59 649	11 310
Property rates	18 622	61 172 ³	18 622
Electricity sales	111 018	120 090	8 072
Other own revenue	27 319	32 946	5 627
Total increase			43 631

Table 13 above shows the additional revenues that will be forthcoming to the municipality. These revenue amount to R43.6 million and R18.6 million of which will be offset by rebates and reductions on property rates of the same amount.

³This is not a real increase in terms of cash. Rather, it is property rates gross income before deducting rebates and exemptions. This amount is offset by the same amount in expenditure.

2.3 Adjustments to expenditure on allocations and grant programmes

Table 14: Grant allocations to the municipality

Description	Ref	Budget Year 2013/14							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		53 227	-	-	-	11 180	11 180	64 407	-	-
Local Government Equitable Share		48 639				11 310	11 310	59 949		
Finance Management		1 550					-	1 550		
Municipal Systems Improvement		890					-	890		
Water Services Operating Subsidy		130				(130)	(130)	-		
EPWP Incentive		1 000					-	1 000		
							-	-		
Municipal improvement grant opex portion		1 018					-	1 018		
Provincial Government:		-	-	-	-	-	-	-	-	-
							-	-		
							-	-		
							-	-		
Other transfers and grants [insert description]							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total operating expenditure of Transfers and Grants:		53 227	-	-	-	11 180	11 180	64 407	-	-
Capital expenditure of Transfers and Grants										
National Government:		19 347	-	-	-	2 471	2 471	21 818	-	-
							-	-		
							-	-		
							-	-		
Municipal Infrastructure Grant (MIG)		19 347				2 471	2 471	21 818		
Provincial Government:		-	-	-	-	-	-	-	-	-
							-	-		
[insert description]							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total capital expenditure of Transfers and Grants		19 347	-	-	-	2 471	2 471	21 818	-	-
Total capital expenditure of Transfers and Grants		72 574	-	-	-	13 651	13 651	86 225	-	-

Table 14 above shows that additional equitable share allocations for the 2013/14 amount to R11.3 million. This increases the equitable share from R48.6 million to R59.9 million. Part of this additional allocation will be used to fund the increases in Councillor remuneration and allowances. The MIG increases by R2.471 million and will be used to resuscitate the project that was stalled due to lack of funding.

2.4 Adjustments to allocations and grants made by the municipality

The municipality does not allocate any grants to external parties.

2.5 Adjustments to service delivery and budget implementation plan

The 2013/14 SDBIP Adjustment will be prepared in the context of the 2013/14 Adjustment Budget. In a sense, the report must also highlights areas where targets have been adjusted due to the influence of the decisions on the budget adjustment side. Most importantly, the budget adjustment as well as any adjustment to the SDBIP is done in total alignment to the goals of the municipality as set out in the IDP. Any unavoidable deviation from the Adjusted SDBIP will be dealt with during the revision of the IDP, taking into consideration all necessary legislative requirements.

In addition, the report will also capture changes that have occurred during the past 2 Quarters of the year, such as structural changes that have brought about relocation of certain KPIs/targets among and/or within department/divisions.

The following generic principles will be followed with the drafting of the SDBIP adjustment.

Department will be requested to review their targets:

- so that cases where obvious errors in judgement in target setting occurred could be corrected
- to deal decisively with indicators that departments are required to report on, on a monthly basis that are not reflective of their core business, or which cannot be accurately measured
- to reflect the amendments to resource allocation as captured in the Adjusted MTREF submission prepared by the Budget & Treasury Department
- to appropriately accommodate and plan for the amendments that are necessitated by external funding increases and/or decreases
- with a view to evaluate the amount of target capability that will not be realised as a result of the reduced funds
- to evaluate if funds can be diverted from another source internally within agreed financial transfer mechanisms.

2.6 Adjustments to capital expenditure

There are no adjustments to the capital programme. The amount of R2.471 of the MIG that was allocated in the national adjustment estimates in October 2013 is earmarked for the project that was stalled due to the invocation of Section 216(2) of the Constitution.

2.7 Other supporting documents

There are no supporting documents that require special attention.

2.8 Municipal Manager's quality certification

I, M.M. Makuleka, the acting municipal manager of Bea-Bela Municipality hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: Morris Makuleka

Acting municipal manager of Bea-Bela Municipality (Demarcation code LIM366)

Signature [Signature]

Date 26/02/2014